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## Child care is foundational for economic recovery

The fate of the child care industry, and to a large extent the labor market, depends on how quickly child care capacity rebounds as the COVID-19 pandemic recedes. Child care availability played a crucial role in the nation's low-unemployment economy before the COVID-19 pandemic. The ability of the labor market to regain its former vigor depends on whether adequate and affordable child care is available as parents return to work. Like all businesses, child care has been subjected to devastating closures during the pandemic. The future of child care is at risk from continuing waves of illness, as well as necessary public health practices such as social distancing, that pose major challenges for providers and policymakers going forward.

This Policy Spotlight describes the impact of the pandemic on child care businesses, charts federal and state efforts to keep child care providers afloat during the pandemic, and discusses the need for longer-term supports to preserve robust child care capacity to enable parents to return to work. This Spotlight concludes that the impact on providers of new public health-related costs and a sluggish labor market could potentially devastate the child care marketplace. Larger child care operations—which serve



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the bulk of children in out-of-home care—are at special risk of closure as a result of the pandemic. There is a need for continued, substantial public support for child care until the major risks to human health from the virus recede.

## THE STATE OF CHILD CARE IN ILLINOIS PRIOR TO THE COVID-19 PANDEMIC

The broad availability of affordable, out-of-home child care allows parents to play a major role in powering the U.S. economy. More than 61 million parents of children younger than 18, and almost 28 million parents of children under 6, are in the labor market.<sup>1</sup> To put this in perspective, the total number of prime-aged workers in the U.S.—which the U.S. Bureau of Labor Statistics defines as workers aged 25-54—has hovered around 100 million in recent years.<sup>2</sup> Mothers are still disproportionately the primary caregivers in their families: 61.5% of married and 68.8% of single mothers of young children have been working outside the home, in contrast with nearly all married men working outside the home.<sup>3</sup> These facts indicate the urgency of having sufficient child care in place as “non-essential” workers return to their jobs.

The two most popular modes of out-of-home, nonrelative care for children under age 6 are:

- *Center Child Care Providers*, which have a dedicated facility, typically with multiple

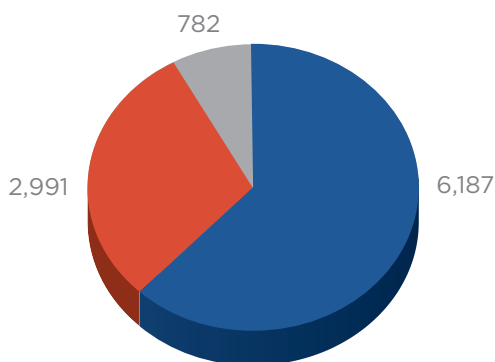
classrooms, that employ multiple staff members. Pre-COVID-19, Illinois had 2,991 licensed centers with a daytime capacity of almost 250,000 infant through pre-kindergarten children and nighttime capacity of 12,366 children.<sup>4</sup>

- *Family Child Care Providers*, who are entrepreneurs taking care of children in their own home. Smaller family child care providers are licensed to care for up to 12 children, while a second category of family child care providers, group family child care providers, is licensed to care for up to 16 children (using assistants). There were 6,187 small family child care providers with capacity for 46,437 children pre-COVID-19 (24,379 overnight). An additional 782 group family child care providers had a capacity of 9,088 children (4,459 overnight).<sup>5</sup> Smaller family child care providers account for nearly 84% of capacity in any type of licensed family care.

As shown in Figures 1A and 1B, there are almost twice as many family child care providers as child care centers in Illinois. However, centers account for more than four times the child care capacity of family child care.

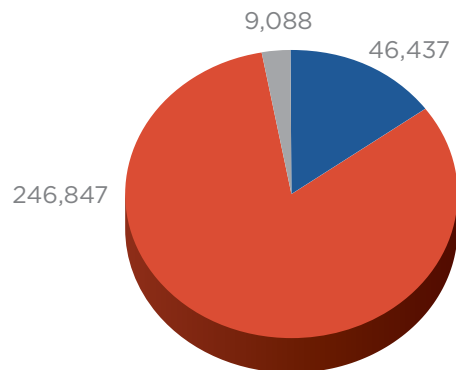
Even though family child care serves a smaller number of children, it is important because of its affordability and flexibility. Recently, the average daily charge at centers ranged from \$39.00 for 5-year-olds to \$52.04 for infants, but ranged

Figure 1A:  
Number of licensed child care providers by type



- Licensed family child care providers
- Licensed center child care providers
- Licensed group family child care providers

Figure 1B:  
Daytime child care capacity by type



- Children in licensed family child care
- Children in licensed center child care
- Children in licensed group family child care

Source: Author's computations from Illinois Department of Child and Family Services data.

from \$29.29 for 5-year-olds to \$32.82 for infants in family child care.<sup>6</sup> Family child care also more often offers evening, weekend, overnight, and drop-in care. In 2016, almost 30% of parents who asked local child care resource agencies for help finding care sought evening, weekend, or overnight care. Among providers who offered their services through the local agencies, 31% of the family child care operators, but just 5% of centers, offered such care.<sup>7</sup> This lower-priced, more flexible care can be a lifeline for low-earning workers, enabling them to accept work with nonstandard and irregular schedules, to work multiple jobs, and to work part time.

State government plays a critical role in the private child care sector. It monitors and assists providers to support safe and developmentally appropriate care. Government also plays a key role in making child care affordable by subsidizing low-income families' costs. The federal government funds much of this activity through its Child Care Development Fund (CCDF) block grant. In 2018, Illinois spent close to \$876 million to support child care for approximately 150,000 children through its CCDF-funded Child Care Assistance Program (CCAP).<sup>8</sup> Sliding-scale subsidies are provided to families with incomes up to 200% of the federal poverty line.<sup>9</sup> The Illinois Early Childhood Assessment Map indicates 1,990 licensed child care centers and 4,840 licensed family child care



providers received a CCAP payment in state fiscal year 2017. In other words, roughly two-thirds of both center and family child care providers had at least one payment from CCAP recently.<sup>10</sup>

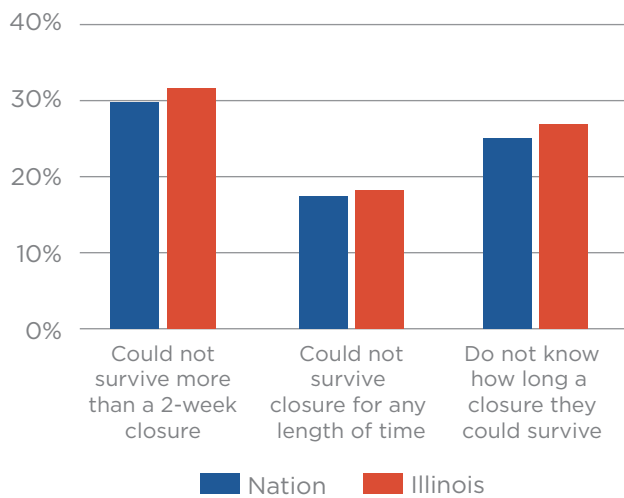
The COVID-19 pandemic has been hugely disruptive to the child care market. In a nationwide survey conducted from March 31 to April 4 by the Bipartisan Policy Center, a mere 7% of households reported that they were still using their previous child care arrangement. Sixty-one percent of parents reported that their child care provider had closed due to COVID-19, while a further 26% reported that access to their pre-COVID-19 providers was severely restricted. It is no wonder that those still seeking care reported that it has been much harder to find since the start of the pandemic.<sup>11</sup>

## IMPACT OF THE COVID-19 PANDEMIC ON CHILD CARE PROVIDERS

The state of Illinois ordered non-essential businesses, schools, and child care providers to close, effective March 21, 2020.<sup>12</sup> More than a month later, on May 1, non-essential businesses were allowed to reopen with limitations.<sup>13</sup> These developments had existential consequences for child care providers in Illinois and nationally. By mid-March, almost half of 5,000 providers across the U.S. contacted by the National Association for the Education of Young Children (NAEYC) had already closed.<sup>14</sup> Those managing to remain open struggled with plummeting enrollments. By mid-April, 85% of open facilities had less than half of their normal enrollments and 65% had less than one-quarter of their normal enrollments. Four out of five providers with employees had either laid off workers by mid-April or anticipated making layoffs by mid-May.<sup>15</sup>

The 541 Illinois providers that responded to the NAEYC survey also took a dim view of their prospects for recovery without government intervention to help them continue paying staff, rents, mortgages, and other business costs (62% of responding facilities in Illinois were centers, 30% were family child care providers, and 8% were other kinds of facilities). As indicated in Figure 2, 18% of the Illinois providers said they could not survive a closure of any length of time, 31% doubted they could survive a closure of just two weeks, while 27% were uncertain how long a closure they could survive.<sup>16</sup> These providers reported that the loss of client payments, fees and copayments, and lost attendance would prove fatal to their businesses without government assistance to replace revenue.<sup>17</sup>

Figure 2: Self-assessed financial strain of Illinois providers



Source: National Association for the Education of Young Children, "A State-by-State Look at Child Care in Crisis: Understanding Early Effects of the Coronavirus Pandemic," March 27, 2020. Sample sizes are 11,500 for the entire U.S. and 541 for Illinois, accessed May 11, 2020, <https://perma.cc/D8MD-RFJR>.

The governor’s executive orders issued during the pandemic did allow some providers to remain open from March 21, 2020 through a state-administered Emergency Child Care program for essential workers.<sup>18</sup> Essential workers were instructed to use out-of-home child care only as a last resort, however. To accommodate social distancing, the allowed capacity in family child care was cut from 12 to six. The state also recommended that child care centers serve a maximum of 50 children, with no more than 10 children per classroom, down from pre-pandemic caps of 12-20 children per classroom. The order also advised that children and teachers in centers should not circulate between rooms. While the Emergency Child Care program allowed some providers to continue limited operations, this was in no way business as usual.

As of this writing, Illinois has entered Phase 3 of the Pritzker administration’s Restore Illinois plan, and most centers and family child care providers have begun to reopen.<sup>19</sup> At family child care homes, capacity is limited to the smaller of licensed capacity or 10 children.<sup>20</sup> However, nearly all family child care providers are unaffected by the capacity restriction, because 99% are licensed for eight or fewer children.<sup>21</sup> Therefore, family child care providers would be most affected by the requirement to place sleeping spaces 6 feet apart. To operate at full capacity, family child care



homes must be able to separate children into groups no larger than 10 and separate children 6 feet from each other in sleeping areas. Centers face potentially constraining capacity limits and space requirements. For the first four weeks after reopening, centers that have not provided emergency care must start with no more than eight infants or 10 children of other ages in a room. Centers must maintain at least 50 square feet per child age 2 or older and have sufficient space to ensure a 6-foot distance between cribs and cots for infants and 2-year-olds. Centers having offered emergency care and centers passing the initial four-week period are limited to group sizes for rooms of eight infants, 12 toddlers, 12 2-year-olds, and 15 children ages 3-5.<sup>22</sup> These limits, which remain in place through Phase 4, contrast with much higher prior room limits of 12 infants, 15 toddlers, 16 twos, and 20 children children ages 3 and older prior to the COVID-19 pandemic.<sup>23</sup>

## FEDERAL AND STATE RESPONSES TO THE COVID-19 PANDEMIC

Government action in the wake of the pandemic has focused on funding businesses and workers to carry them financially through May, June, and July. In the same spirit, specific government assistance for the child care industry has sought to preserve pre-COVID-19 child care capacity, especially for low-earning families. Table 1 outlines key federal and state policies that may assist child care providers.

Table 1: Financial support for child care providers during the COVID-19 pandemic

Type of Support	Intended Beneficiaries	Description
<b>For Child Care Providers</b>		
Additional funding (\$3.5B) and flexible spending out of the CCDF under federal Coronavirus Aid, Relief, and Economic Security (CARES) Act <sup>24</sup>	Primarily providers licensed by the state, but also license-exempt providers eligible for state programs	Provides additional CCDF to all states; waives attendance rules for receiving CCAP payments; eliminates parent CCAP copayments
Revenue replacement to providers serving low-income families	Primarily providers licensed by the state but also license-exempt providers eligible for state programs	Illinois pays full CCAP payments for children not in attendance if providers continue paying staff during April and May; funded by CCDF
Emergency Child Care program	Licensed providers caring for children of essential workers	Providers receive the full CCAP payment for each child in emergency care (\$1 parent copay); small stipends are available to support operations <sup>25</sup>
<b>For Small Businesses</b>		
Small Business Administration's Paycheck Protection Program (PPP) under the federal CARES Act	Businesses with fewer than 500 employees	\$669B in loans to support up to eight weeks of payroll costs, mortgage payments, rent, and other operating costs; loans are converted to grants for employers regaining their pre-pandemic full-time employment and salary levels on June 22, 2020
Small Business Administration's Economic Injury Disaster Loan fund	Small businesses	Quick turnaround funds, advance up to \$10,000; funded at approximately \$410B; 'loan' need not be repaid <sup>26</sup>
<b>For Individuals</b>		
Federal Pandemic Unemployment Compensation (FPUC) program under the CARES Act	Individuals with lost income due to the COVID-19 pandemic	State unemployment insurance (UI) eligibility extended to self-employed and other categories not normally covered; supplemental federal benefit of \$600 per week from March 29, 2020 through July 25, 2020; extends UI benefits for up to 39 weeks due to COVID-19 joblessness; Illinois Department of Employment Security waived the one-week waiting period for claimants; up to 13 weeks of federally funded benefits to individuals who have exhausted their regular state unemployment benefits <sup>27</sup>
One-time federal relief payments under the CARES Act	U.S. citizens and permanent residents with Social Security numbers	Up to \$1,200 payment to individual filers and up to \$3,400 to a family of four <sup>28</sup>

As the table illustrates, the federal government has instituted or enhanced several major “loan” programs that are either grants or have the potential to be converted to grants. The largest of these is the Paycheck Protection Program (PPP). NAEYC reports that “Providers [turned] to the PPP as a lifeline” at first, with 53% of center-based providers and 25% of family child care providers applying for

these loans to cover payroll and other business expenses in the first round of funding.<sup>29</sup> If these businesses keep their employees on payroll until June 22, 2020, the loan becomes a grant. Unfortunately, the PPP has been plagued with funding and implementation problems. Consequently, many applicants and interested businesses were unserved in its first round.<sup>30</sup> The Small Business

Administration's (SBA) Economic Injury Disaster Loan fund has also processed very few loans relative to the enormous demand.<sup>31</sup> Given how many providers reported fragile financial situations, many may have already gone under while waiting for a loan.

The state is providing direct revenue support, with the help of enhanced CCDF funds under the federal CARES Act, by allowing both center and family child care providers to claim CCAP payments for non-attending children for the months of April and May. Further, parents' usual copayments were waived, meaning providers received the full payment for non-attending, CCAP-supported children. As a condition of accepting this assistance, providers were expected to continue to pay staff as if they were working their regular schedules. The impact of this policy on providers is variable, depending on whether providers had none, some, or many CCAP-supported children in their care pre-COVID-19.

Child care center staff and family child care providers are likely leaning heavily on unemployment insurance (UI). The extension of UI coverage to the self-employed under the Federal Pandemic Unemployment Compensation (FPUC) provisions of the CARES Act is a lifeline for small family child care providers. Notably, family child care provider-operators may receive CCAP payments for non-attending children *and* full or partial UI. Taking into account state UI benefits, the additional federal \$600 weekly UI payment, receipt of CCAP payments for non-attending children, and

the fact that they have no costs of providing care, some family child care providers could temporarily receive substantially more income than they did pre-COVID-19. Child care workers, among the lowest-paid in the entire labor force, may also receive more income in the short term. For the median child care worker, the extra federal benefit of \$600 per week amounts to 1.3 times their weekly earnings.<sup>32</sup> Direct payments to providers and staff thus play an extremely important role in preserving family child care capacity in the very near term.

It should be noted, however, that the effectiveness of these policy responses is far from clear at present. First, many more businesses applied for the PPP and SBA loans than available funds can support. The PPP fund especially has been criticized for helping large, well-capitalized employers at the expense of smaller ones.<sup>33</sup> The PPP loans require that the lender maintain their full payroll through June 22, 2020 or repay at least some of the loan. As the pandemic has continued, the full extent of its damage to businesses is becoming clearer. These terms are increasingly unattractive to businesses that have doubts about maintaining their financial viability under social distancing conditions, such as restaurants, hairdressers, and child care providers.

Further, many employees, particularly of service establishments that choose to receive PPP, are worse off than if they were released from employment which would have freed them to go on unemployment insurance. That is because the



\$600 per week federal unemployment insurance payment would exceed for many low-wage workers the incomes they receive while employed.<sup>34</sup> The novel extension of unemployment insurance has also enormously challenged the generally under-resourced state unemployment insurance administration. For example, the state of Illinois

turned to a private company in order to be able to implement extended UI for the self-employed in May.<sup>35</sup> Perhaps most importantly, many special programs will sunset in June and July unless congressional action is taken on a third round of relief.<sup>36</sup>

## PROSPECTS FOR RECOVERY

The COVID-19 pandemic has had an immediate and wrenching impact on the child care market. Even though essential workers comprise just under half of the Illinois labor force, they were only supposed to use out-of-home child care as a last resort.<sup>37</sup> During the pandemic, demand for care may also be lower. By April, more than 16% of the Illinois workforce was unemployed.<sup>38</sup> There is also evidence that many parents will be reluctant to return their children to care until they believe it is safe. In a recent survey, 74% of parents indicated that they were either somewhat or very worried that someone in their family would get the coronavirus, and 73% worried about getting COVID-19 themselves.<sup>39</sup>

The prospects for preservation and recovery of the child care sector depend on the expected path of public health challenges and economic activity over the next months and years. Mitigation efforts against the spread of COVID-19, which include social distancing, frequent disinfection, lower teacher-child ratios, and restrictions on procedures such as drop-offs and teacher rotations, are expensive. At the same time, reductions in enrollment due to social distancing reduce revenue. The length of time over which providers will be incurring these additional expenses until Illinois moves into Phase 5 of its recovery plan is unknown.

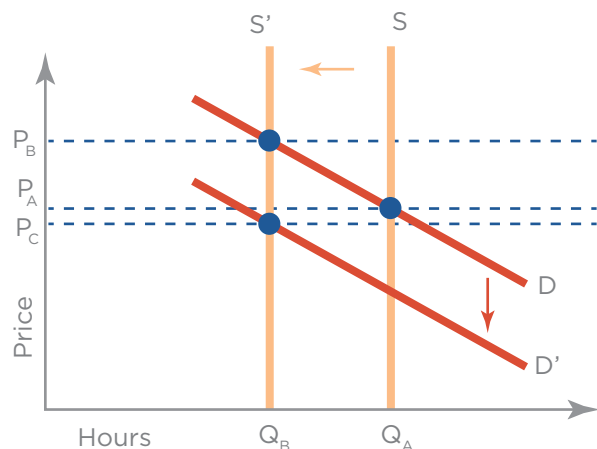
The effectiveness of economic policies to address the crisis will depend on the several paths that the economic recovery could take.<sup>40</sup> Current policies may prove adequate if the path of the economic recovery is V-shaped. In this scenario, the pandemic's impact on the economy resembles that of other kinds of natural disasters. There is a deep downturn as the hit of the unusual event is felt,

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followed by a strong bounce-back in economic activity as productive capacity is restored.

Figure 3 illustrates this scenario. In the very short-run, the supply of care is fixed regardless of short-term variations in price because there is no time for providers to make any adjustments to their operations in response to such changes. Total hours of child care,  $Q_A$ , were provided in the market at price  $P_A$  before the pandemic. The leftward shift in supply from  $S$  to  $S'$  reflects the sudden imposition of emergency care under COVID-19, reducing the supply to  $Q_B$ . In the absence of any other changes, the scarcity of child care would cause the price of available care to increase to  $P_B$ . However, restrictions on non-essential businesses also reduced the demand for care, shown as the shift from  $D$  to  $D'$ . Thus, the price of care under a full-blown COVID-19 mitigation policy could be lower than before the crisis, at  $P_C$ . If the recovery is V-shaped, workers quickly return to employment and demand returns to  $D$ . If public health mitigation strategies also ended, the child care market would be restored to its original availability and affordability. In this scenario, the CARES Act, along with the revenue support provided directly to providers, bridges the tumultuous period of the stay-at-home orders. Providers would successfully resume their operations in the recovery, and the need for additional policies to support the child care market would end.

*Figure 3: Changes in child care availability and affordability in a V-shaped recovery*



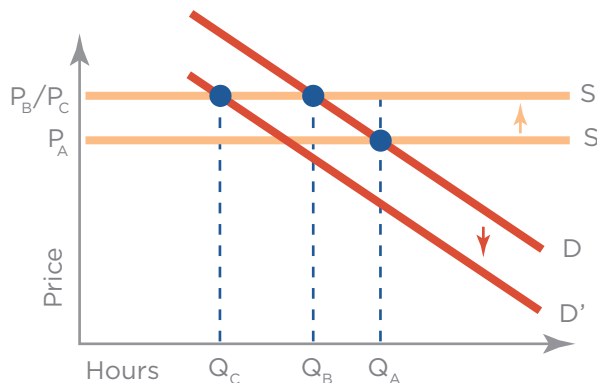
Source: Author's calculations.

If the COVID-19 pandemic is short-lived, the economy may reignite quickly as its acute phase ends, but a long-lasting public health crisis will force structural changes onto many sectors of the economy and sever ties between workers and firms. As the crisis has unfolded, experts have grown more skeptical of a V-shaped recovery. A National Bureau of Economic Research study estimated that 42% of jobs that were suspended by the COVID-19 pandemic will not come back.<sup>41</sup> If so, it may take a long time for new jobs to be created to replace the ones that are lost and for workers to navigate their way to them. Instead of a V, the recovery might be shaped more like the Nike swoosh logo.<sup>42</sup>

Without continued public financial assistance for the industry at a high level, market forces and capacity constraints to socially distance children will dramatically reshape the child care marketplace. Child care providers may well find themselves facing a double whammy of diminished revenues and increased costs.

This scenario is illustrated in Figure 4. In the long run, the price of child care is equal to the cost of the last hour of care offered (economists term this the “marginal cost” of care). If social distancing and other mitigation practices continue for a long while, the marginal cost of child care is lastingly higher. Given workers’ original demand for child care, this public health-related mitigation alone causes a decline in care availability (from  $Q_A$  to  $Q_B$ ) and an accompanying increase in price (from  $P_A$  to  $P_B$ ) that is equal to the new costs of mitigation. In a competitive child-care market, mitigation costs are ultimately “priced into” care.

*Figure 4: Changes in child care availability and affordability in a swoosh-shaped recovery*



Source: Author's calculations.



In a swoosh-shaped recovery, unemployment and underemployment cause the demand for care to be persistently lower. This reduces the demand for care in the long-run (from  $Q_B$  to  $Q_C$ ). Short-horizon policies currently in place do not address such longer-lasting structural impacts on the child care market. As a result, there is low availability and affordability of care, further slowing a recovery.

A lengthy recovery could also transform the mix of providers. Center child care providers are among those personal service businesses in the U.S. that are most threatened by a COVID-19 economy. In contrast with family child care providers, centers have substantial fixed costs like investments in facilities, durable equipment, and administration. Lack of mandated space for distancing will restrict maximum enrollments. Centers also have high per-child staffing costs. In contrast, family child care providers are often the sole caregiver and have a valuable alternative use for their place of business (they live there).

If centers faced reductions in the number of children they could accept and additional expenses because of changes in operation due to COVID-19, they would have to charge higher prices, which would make center child care less affordable for many. As slots disappear and prices rise, many parents would not be able to accept work opportunities as they open, further slowing the recovery. Without public support, many center child care providers and larger family child care providers could close. Because centers serve so many children, withdrawal of a large number of centers from the marketplace would rapidly drain overall capacity.



The COVID-19 downturn is projected to fall particularly hard on women workers. As the primary caregivers to children, many mothers would find the expense and scarcity of child care a prohibitive factor in working for pay outside the home. Current capacity reductions and space requirements at centers are particularly stringent in the case of infants, already the most expensive type of care pre-pandemic. Declining affordability and availability of child care would reverse women's labor market gains. In contrast with women's experience of the 2007-2009 recession, where they were less affected by the downturn and fared much better across the recovery than men,<sup>43</sup> women are likely to be more adversely affected by the COVID-19 pandemic due to their usual role as their family's primary caregivers. These women's families would be poorer for their foregone earnings.

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## POLICY OPTIONS

As noted, the state recently entered into Phase 3 of Governor Pritzker's 5-phase Restore Illinois plan, during which capacity limits are dictated by social distancing objectives.<sup>44</sup> Benchmarks for reaching each stage are public health-based. How long it will take to achieve each milestone is uncertain. Current policies, including business-and-employment-preserving loans, expanded unemployment insurance, and continuing CCAP payments for children who are not presently in care, aim to hold people and businesses harmless until it is safe to press the restart button. The horizon of current revenue and income support policy does not stretch beyond July, however.

A fundamental reality that policy has not yet addressed is that social distancing is expensive, and the private market will not be able to support previous levels of capacity without assistance—this may take the form of building out the physical plant or compensating the provider for the loss of revenue due to lower capacity. Public supports to keep child care accessible and affordable are needed but will be costly.

Under current policies, CCAP payment amounts need to be raised considerably to meet the additional costs of operating with lower capacity due to social distancing, particularly at centers.

Raising the CCAP-eligible income threshold for families would also help more parents manage the increased expense of care. Another policy response would be to increase the public provision of child care slots with rich developmental content. To that end, the federal government could increase

Head Start capacity. The state could also directly offer more infant through age 5 care at public sites. Direct provision might be less expensive than extensive subsidization if the state's costs for facilities and labor were lower than those in the private sector.

Efforts to grow the number of providers in order to make up for lower capacity per provider might fruitfully target family child care. Barriers to entry are lowest for family child care providers. Nearly all family child care providers already operate below the mandated capacity constraints of Phase 3 and Phase 4. Because starting a family child care oper-

ation does not involve large capital investments, they can enter the child care market quickly. The state may be able to recruit more entrepreneurs to open family child care businesses, particularly if the job market is weak for lower-earning workers as provisions of FPUC end. Many of these entrepreneurs would be women, because women dominate "care work" in general.<sup>45</sup> Former center child care workers might also be targeted for recruitment as independent family child care providers. Additional supports for navigating the state licensure and subsidy systems, small grants to cover start-up costs, and an expanded CCAP program could accelerate family child care capacity. Applicants could be fast tracked.

While the number of slots created by these small operators would be modest, family child care would still continue to be less expensive and more flexible than center child care. One important caveat to the expansion of family child care slots is that parents and potential providers may worry about the health risks to their children and families of mingling people from several households in the close quarters of a private residence. While family child care has the advantage of serving fewer children at once, it is notably not subject to the additional space requirements beyond the 6-foot bed spacing rule required of child care centers. There is evidence that COVID-19 is spread disproportionately in homes.<sup>46</sup>

## CONCLUSION

Paid, out-of-home child care has played a foundational role in U.S. labor markets, and the recovery of the labor market hinges critically on the availability of adequate, reasonably-priced child care. The COVID-19 pandemic poses challenges to child care providers, as it does for any business. But as highly-regulated entities, child care providers are subject to public health restrictions like social distancing rules to a degree not experienced by most other businesses. This raises critical questions of how child care capacity can be preserved during the transition back to higher employment, and how the cost of social distancing is shared by providers, parents and government.

The impact of COVID-19-related social distancing restrictions is likely to have a profound effect on child care availability for many months and perhaps years. Available evidence suggests that nearly all family child care providers will be unaffected by the capacity restrictions of Phase 3 and Phase 4. It is difficult to assess the impact of social distancing measures, which depend on square-footage requirements, on center care capacity with available data. However, capacity reductions at child care centers are substantial until Illinois is restored to its pre-COVID-19 status, with a possible loss of up to 33% of infant slots, and 20%-25% of slots for other age groups.

COVID-19 flare-ups could also return the child care industry to even more restrictive rules. Taking the Emergency Child Care program recommendations as a rough guide to possible temporary emergency protocols in the future, capacity guidelines might fall again to as low as 50 children at center child care and six children at family child care. Given the current capacities assigned to licensed providers around the state, such restrictions imply removal of up to 114,936 slots at centers and 9,881 slots in family child care settings, or declines of 46% of center child care slots and 21% of family child care slots.<sup>47</sup> These estimates give a sense of the sudden disruptions to child care supply—and corresponding revenue disruptions to providers—that could ensue during major outbreaks.

A patchwork of programs and policies aggressively address the immediate, existential threat of COVID-19-driven closures and loss of child care



capacity. But COVID-19 economics will determine the ultimate trajectory of the economy. If a vaccine proves elusive, social distancing and other mitigation policies may become the new normal, adding to the cost of providing appropriate child care.

In the absence of ongoing government support, far less child care may be provided than was true before the pandemic, and parents with children in care would ultimately end up paying for the cost of social distancing and other mitigation. Expensive care would slow parents' re-entry into the workforce, acting as a drag on the economic recovery. For this reason, the state and federal governments need to implement policies that support widely available and affordable child care over the longer haul.

Going forward, policies must continue to be available to bridge revenue for providers as they experience more restrictive capacity and lower demand at times due to COVID-19. The CCAP program should be expanded to help ameliorate the burden of paying for social distancing and other COVID-19-mitigation strategies.

Child care is a crucial work support to families, and its availability and affordability are essential for the economy to fully reopen.

## ENDNOTES

<sup>1</sup> U.S. Bureau of Labor Statistics, “Employment Characteristics of Families-2019, Table 4: Families with Own Children: Employment Status of Parents by Age of Youngest Child and Family Type, 2018-2019 Annual Averages,” News Release, April 21, 2020, accessed May 6, 2020, <https://www.bls.gov/news.release/pdf/famee.pdf>.

<sup>2</sup> U.S. Bureau of Labor Statistics, “Civilian Labor Force Level - 25-54 Yrs. [LNS11000060],” Federal Reserve Bank of St. Louis, accessed May 10, 2020, <https://fred.stlouisfed.org/series/LNS11000060>.

<sup>3</sup> U.S. Bureau of Labor Statistics, “Employment Characteristics.”

<sup>4</sup> Author’s computations from Illinois Department of Children and Family Services list of licensed providers, accessed May 19, 2020, <https://sunshine.dcf.illinois.gov/Content/Licensing/Daycare/ProviderLookup.aspx>.

<sup>5</sup> Ibid.

<sup>6</sup> Powers, Elizabeth T. and Joellyn Whitehead, “Market Rate Survey of Licensed Child Care Programs in Illinois Fiscal Year 2018,” prepared for the Illinois Department of Human Services, <https://perma.cc/A2WF-JQLG>.

<sup>7</sup> Illinois Department of Human Services. “FY18 Illinois Child Care Program Report,” accessed May 6, 2020, <https://perma.cc/8USU-MY62>.

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<sup>9</sup> Illinois Department of Human Services, “01.02.01 Income Guidelines, 2019-10-01,” accessed May 6, 2020, <http://www.dhs.state.il.us/page.aspx?item=118832>.

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- Pg. 1 - Working parent at home, #1170310211 by Cofotoisme
- Pg. 3 - Father walks with daughter, #491598918 by Nadezhda1906
- Pg. 4 -Young boy wearing mask, #1218034701 by Yobro10
- Pg. 6 - Cleaning a daycare facility, #1222148080 by THEPALMER
- Pg. 8 - Girl wearing a mask, #1217315742 by undefined undefined
- Pg. 10 - Child care worker and girl , #886934186 by SDI Productions